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Report of the Intersecretariat Working Group on Price Statistics

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-seventh session,** the Secretary-General has the honour to transmit the report of the Intersecretariat Working Group on Price Statistics, which is presented to the Commission for its information. The Commission is requested to take note of the report of the Working Group.

* E/CN.3/2007/1.

** See *Official Records of the Economic and Social Council, 2006, Supplement No. 4* (E/2006/24), chap. I, sect. B, para. 2.

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Report of the Intersecretariat Working Group on Price Statistics

1. The mission of the Intersecretariat Working Group on Price Statistics is to develop and document best practice guidelines on concepts and methods of price statistics consistent with the established international standards on the subject.

2. The original terms of reference of the Working Group were presented to the Statistical Commission at its thirtieth session (E/CN.3/1999/7/Add.1, annex, sect. I). They were revised in June 2005 at the sixth meeting of the Working Group and are attached, as revised, to the present report as an annex. The original terms of reference emphasized the development of standards and manuals on consumer price indices, producer price indices and export-import price indices. Consumer price index and producer price index manuals were published in 2004, and the revised terms of reference refer to the development and implementation of the consumer price index and producer price index manuals and the development of standards and manuals on further price statistics with particular regard to export-import price indices and real-estate price indices.

3. French, Spanish and Russian versions of the consumer price index manual will be available in 2007. Work is commencing on a Chinese version of the consumer price index manual and on versions of the producer price index manual in languages other than English.

4. The seventh meeting of the Working Group, in May 2007, agreed that the electronic versions of the consumer price index and producer price index manuals would be updated and that the manuals would be supplemented by a series of handbooks. Each handbook will require the approval of the Working Group.

5. . A first draft of the export-import price index manual was completed and posted on the International Monetary Fund (IMF) website in early 2006. As part of its review process, IMF requested comments from national statistical offices and interested international organizations on the draft and organized a seminar on the manual, which was held in September 2006. Publication is expected late in 2007.

6. A joint Organization for Economic Cooperation and Development-IMF workshop on real-estate price indices was held in November 2006 as a precursor to a possible real-estate price index manual.

7. The seventh meeting of the Working Group agreed that as from the thirty-eighth session of the Statistical Commission, the Economic Commission for Europe is to succeed IMF as the secretariat of the Working Group.

8. The next meeting of the Working Group will be held in 2007 at a date and location yet to be determined.

Annex

The terms of reference and functioning of the Intersecretariat Working Group on Price Statistics

Mission

1. The mission of the Intersecretariat Working Group on Price Statistics is to develop and document best practice guidelines on concepts and methods of price statistics and indicators consistent with the established international standards on the subject and to encourage their use. Price statistics and indicators include consumer price indices, producer price indices, export-import price indices, real-estate price indices and such other price statistics and indicators as are required, preferably compatible with the System of National Accounts, 1993 and the updates thereto.

Objectives

2. The objectives of the Working Group are:

(a) To develop and implement the *Consumer Price Index Manual: Theory and Practice* (International Labour Organization (ILO), Geneva, 2004) and the *Producer Price Index Manual: Theory and Practice* (International Monetary Fund (IMF), Washington, D.C., 2004). The work includes periodic updates of the electronic versions of the manuals available on the ILO and IMF websites;

(b) To arrange for the establishment of standards and manuals for other price statistics, in particular, export-import price indices and real-estate price indices;

(c) To coordinate the work of international organizations in implementing the best practices contained in the price index manuals, in sharing information on training and technical assistance and in using resources efficiently to avoid duplication of efforts;

(d) To assist in the development of a framework for price statistics to explain the links between various price indices and between price indices and other relevant economic and labour statistics.

Composition

3. The Working Group currently comprises the following organizations:

(a) Economic Commission for Europe (ECE);

(b) International Labour Organization;

(c) International Monetary Fund;

(d) Organization for Economic Cooperation and Development;

(e) Statistical Office of the European Communities;

(f) World Bank.

4. The Working Group is open to all interested and committed organizations; chairs of advisory groups on price index manuals and experts from national

statistical offices, academia and international organizations. The Working Group will invite these interested parties to participate in its work programme.

5. The International Labour Organization initially provided the secretariat of the Working Group but was succeeded by IMF in April 2004.

External linkages

6. The activities of the Working Group are expected to receive wider exposure through discussion at relevant regional meetings and regular communication with international experts and groups using electronic media such as the Internet.

7. The work of the Working Group will relate to, draw from and capitalize on the work of such technical groups as the Ottawa Group on Price Statistics and the Voorburg Group on Service Statistics, and will complement that of regional and international organizations.

Immediate output

8. The immediate output of the Working Group will consist of the development and update of consumer price index and producer price index manuals, which will take into account:

(a) The recent emergence of economies in transition and movements towards free-market economies in many developing countries;

(b) The collapse of financial markets in many newly emerging and independent countries;

(c) Rapid technological improvements affecting the cost and quality of goods and services and, consequently, their relative prices, and changes in consumer demand and producer supply.

9. The manuals will continue:

(a) To provide an introduction to the theory of indices;

(b) To address both conceptual and operational issues such as sampling, collection methodology, compilation, organization and computation and dissemination of data;

(c) To be intended for use by both developed and developing countries;

(d) To be suitable for training and advisory missions.

Main activities

10. The Working Group will be responsible for the coordination and overall management of the work to update the existing manuals and for the development and approval of new manuals. An advisory group will be established to advise the Working Group on updates to the consumer price index and producer price index manuals. Technical expert groups will be established to advise on the development of the export-import price index and real-estate price index manuals. The teams of experts, working in parallel, will exist solely for the update and production of the manuals. Consultants from the members of the advisory group, the technical expert groups, the Working Group, the Ottawa Group and the Voorburg Group, as well as other recognized experts in price measurement from countries not represented in the

Ottawa and Voorburg Groups, will be appointed to prepare specific sections of the manuals on the issues identified by the Working Group. The exact form of authorship will, however, be decided on a case-by-case basis.

11. The Working Group will facilitate the sharing of information among member organizations about training plans and materials, technical assistance to countries on price indices and other activities the organizations undertake to implement the price index manuals.

12. Meetings of the Working Group will as far as possible take place at the same time as related scheduled meetings such as the ECE expert meeting on consumer price indices, the Ottawa and Voorburg Group meetings and the ILO/ECE meeting on consumer prices. In addition, the Working Group will conduct virtual meetings, using e-mail correspondence or teleconferencing as needed between face-to-face meetings to discuss issues and activities.

13. Proposals, outlines and draft material will be widely circulated through electronic and other media for comments and suggestions to ensure that all regional concerns are adequately addressed. Relevant organizations such as the regional commissions, the Ottawa Group and the Voorburg Group will also be encouraged to discuss them at their regular meetings.

Finances

14. Organizations participating in the Working Group are expected to meet their own direct expenses. In addition, organizations are expected to contribute to financing other related costs of the Working Group, including the development of the manuals and the hiring of experts.